GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:95
ANSWERED ON:17.02.2009
IMPACT OF ECONOMIC SLOWDOWN ON INDIAN DIAMOND AND JEWELLERY INDUSTRY
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the quantity and value of diamond, gems and Jewellery exported during each of the last three years and the current year, country-wise, item-wise;

(b) the impact of global economic slowdown on Indian diamond and jewellery industry;

(c) the number of jobs lost by workers involved in the said industry; and

(d) the steps taken by the Government to raise production in the sector and encourage exports to protect the interest of labour and industry?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY(SHRI JAIRAM RAMESH)

(a) The value of diamond, gems and jewellery exported during each of the last three years and the current year, item-wise are as under:-

(In Million USD)

Item	2005-06	2006-07	2007-08	2008-09 (Upto Aug 2008)
Diamond	11171.49	10088.10	13685.01	6379.24
Gold Jewellery	3198.44	4459.36	4351.47	1145.78
Colour Gemstones and others	1159.13	1417.06	144947.42	731.20
Total	15529.06	15964.52	162983.90	8256.22

Source: DGCI&S

Country-wise value of diamond, gems and jewellery exported during each of the last three years and the current year are as under:-

(In Million USD)

Country	2005-06	2006-07	2007-08	2008-09 (Upto Oct 2008)
USA	4371.61	4751.59	4974.69	2983.04
Hong Kong	3330.07	3460.25	5100.82	3399.84
UAE	2487.98	3297.33	4040.96	2703.95

Belgium 1490.76 1468.10 1964.24 1309.43

Singapore 1241.11 151.46 217.38 186.48

Israel 813.75 874.88 1038.24 616.70

Japan 485.50 430.19 450.31 247.05

Thailand 329.50 339.86 390.72 220.24

UK 225.96 277.89 285.37 216.26

Switzerland 143.48 117.52 211.98 97.56

Others 609.34 795.45 144309.19 641.78

Total 15529.06 15964.52 162983.90 12622.33

Source: DGCI&S

(b) The global economic slowdown has led to fall in consumer demand across the world; build up of inventories due to lack of sufficient demand in the global market; liquidity problems; retrenchment/job loss; closing of units, etc.

(c) According to the information made available by the Gem & Jewellery Export Promotion Council, during the period August − October 2008, about 65,000 jobs were lost by workers involved in the Gems and Jewellery industry. The Government of Gujarat has estimated that about 2 lac diamond workers have lost their jobs due to the present global economic slowdown in Surat.

(d) Some of the remedial measures taken by the Government to boost export, including gems and jewellery export, are as follows:-

(i) The period of entitlement of the first slab of pre-shipment rupee export credit, available at a concessional interest rate ceiling of the benchmark prime lending rate (BPLR) minus 2.5 percentage points has been extended from 180 days to 270 days.

(ii) The period of entitlement of the first slab of post shipment rupee export credit, available at a concessional interest rate ceiling (not exceeding BPLR minus 2.5 percentage points) have been extended from 90 days to 180 days.

(iii) Prescribed interest rate as applicable to post shipment rupee export credit (not exceeding BPLR minus 2.5 percentage points) has been extended to overdue bills upto 180 days from the date of advance.

(iv) Pre and post shipment export credit have been provided an interest subvention of 2 percent upto 31/3/2009 subject to minimum rate of interest of 7% per annum.

(v) Additional funds of Rs.1,100 crore has been provided to ensure full refund of terminal excise duty / Central Sales Tax.

(vi) Government back-up guarantee has been made available to Export Credit Guarantee Corporation of India Ltd. to the extent of Rs 350 crore to enable it to provide guarantees for exports to difficult markets/products.

(vii) Exporters have been allowed refund of service tax on foreign agent commissions of upto 10 percent of FOB value of exports and refund of service tax on output services while availing of benefits under Duty Drawback Scheme.

(viii) RBI has extended a line of credit of Rs.5,000 crores to EXIM Bank to provide pre- shipment and post shipment credit, in Rupees or Dollars to Indian exporters at competitive rates.

(ix) Ceiling rates on export credit in foreign currency has been raised to LIBOR + 350 basis points subject to the condition that the banks will not levy any other charges, i.e., service charge, management charge, etc. except for recovery towards out-of-pocket expenses incurred.